

M:Communications

M:arket Research

The UK private
investor is ready
and waiting

M:

October 2009

M: Our conclusions – the UK retail investor

- There are more than four million active retail investors in the UK today, and a significant number expect to be buying in the next 12 months
- They understand risk but believe that now is a good time to invest. This represents both an opportunity for quoted companies but also for those looking to IPO
- This is despite a relatively limited awareness of the positive performance of the FTSE this year which many investors believe has underperformed, despite the strong gains of 2009
- The privatisation era is for many a distant memory, but was seen to have benefited private investors at the expense of the taxpayer
- Currently, there is potentially very significant retail investor interest if a new Government decided to sell stakes to the public, including in the banks

M: Do not write off the retail investor

- There are more than four million active retail investors in the UK today. They have continued to trade over the past 12 months and are ready, able and willing to invest again

Q: Do you own any shares in UK quoted companies, either directly or through funds such as unit trusts or stocks and shares ISAs?

Directly 14%

Directly and funds 9%

Funds only 8%

Do not own any 65%

Don't know 4%

Base: All adults

23% own shares

Q: Have you bought or sold any shares in UK quoted companies in the past 12 months?

Yes: 42%

Base: Direct shareholders

Q: And how likely are you to buy shares in UK quoted companies in the next 12 months?

Very / fairly likely: 45%

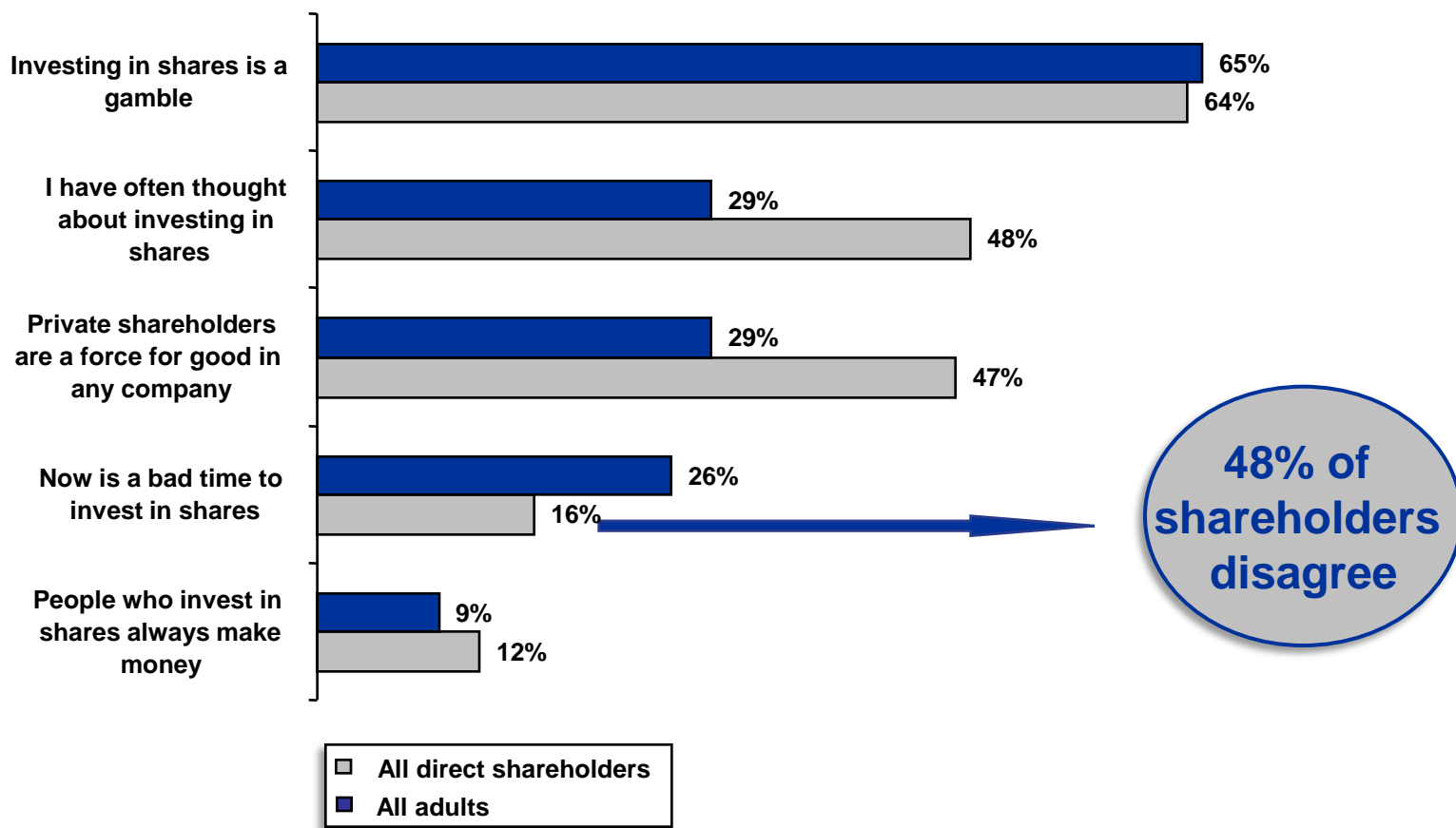
Base: Direct shareholders

72% who have bought and sold in the past year expect to buy in next 12 months

= 4.25 million active investors

M: Understanding risk

- Retail investors are not unaware of the risks involved. This is a relatively sophisticated group of investors and they see themselves as a positive influence



% represent those answering 4/5 on a 5 point scale where 5 is strongly agree

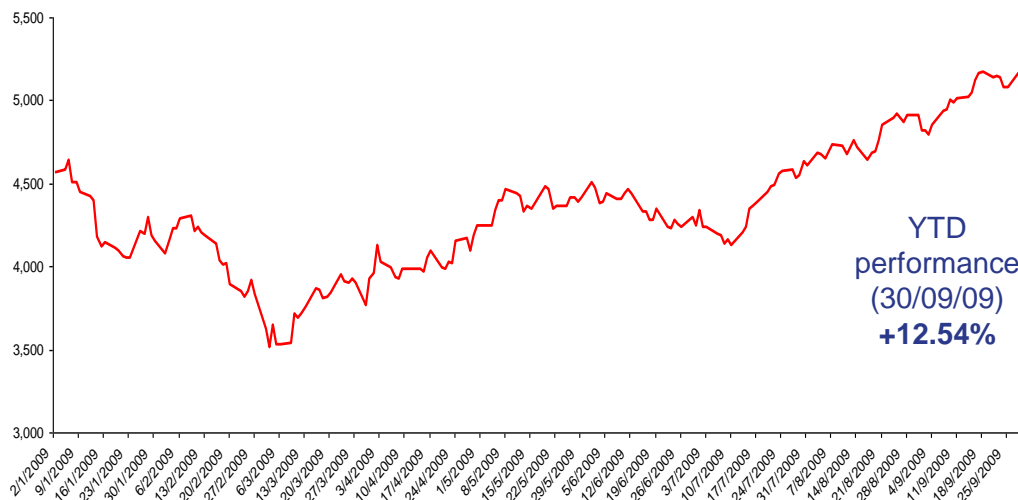
M: Not hearing the news?

- Even among many private investors, the “good news” of an improving stock market has been lost with the media’s focus on recession and the banking crisis

Q: Since the beginning of this year how well or badly do you think that the UK stock market has performed?

Very badly	1	11%
	2	26%
	3	28%
	4	11%
Very well	5	3%
Don't know		21%

FTSE100: Y-t-D performance 2009 (absolute)

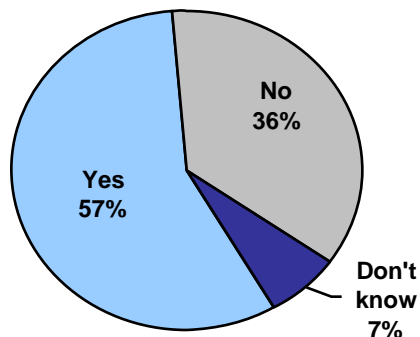


Only 23% of shareholders and 31% of those who have bought or sold shares in the past twelve months believe the market has performed well

M: The legacy of privatisation

- Unlike those in the media, the city and in politics, fewer than three in five British adults says that they remember the privatisation era of the 80s and 90s. And what do they remember? A good deal for the small investor and a bad deal for the taxpayer. The benefits to staff and customers are more likely to be seen from a political / ideological perspective

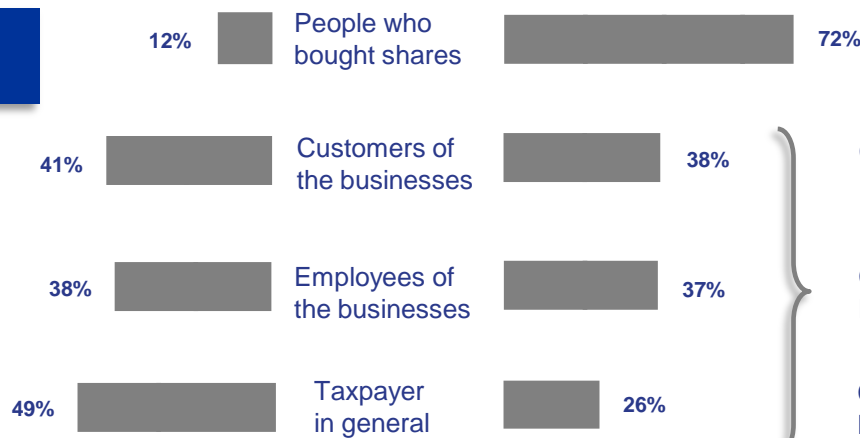
Q: Do you recall the UK Government's privatisation programme of the 80s and 90s that encouraged private investors to invest in shares?



Age	Yes%	No%
18-34	21%	66%
35-54	67%	27%
55+	75%	21%

Base: All adults

Q: And do you believe it was good or bad for?



Conservative supporters 49/31% good / bad;
Labour 33/52%; Lib Dem 28/52%

Conservative supporters 49/30% good / bad;
Labour 33/50%; Lib Dem 34/41%

Conservative supporters 40/39% good / bad;
Labour 24/61%; Lib Dem 18/53%

Base: Recalling earlier privatisations only

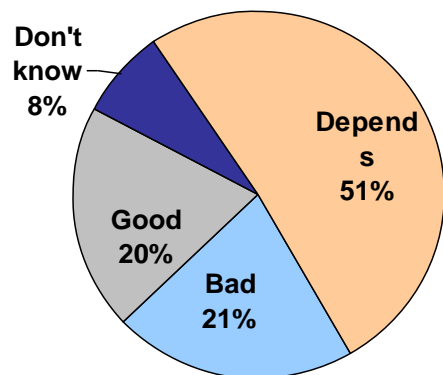
Bad %

Good %

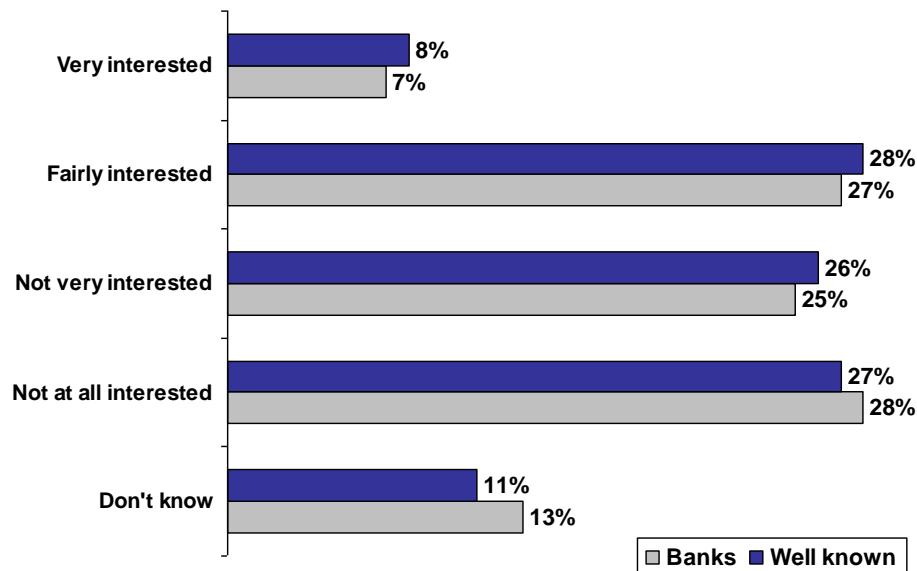
M: Retail investor participation: A new era?

- There are few signs that the public is ready for a new era of privatisation. However, there is no doubting a clear and significant interest in investing in Government share sales including the banks

Q: Do you think that a new privatisation programme with shares being offered for sale to the general public as well as to the big City institutions would be a good or bad idea?



Q: If, after a general election, the new Government decided to sell shares that it owns in well known companies / banks in share offers where private investors were encouraged to participate, how interested would you be in investing?

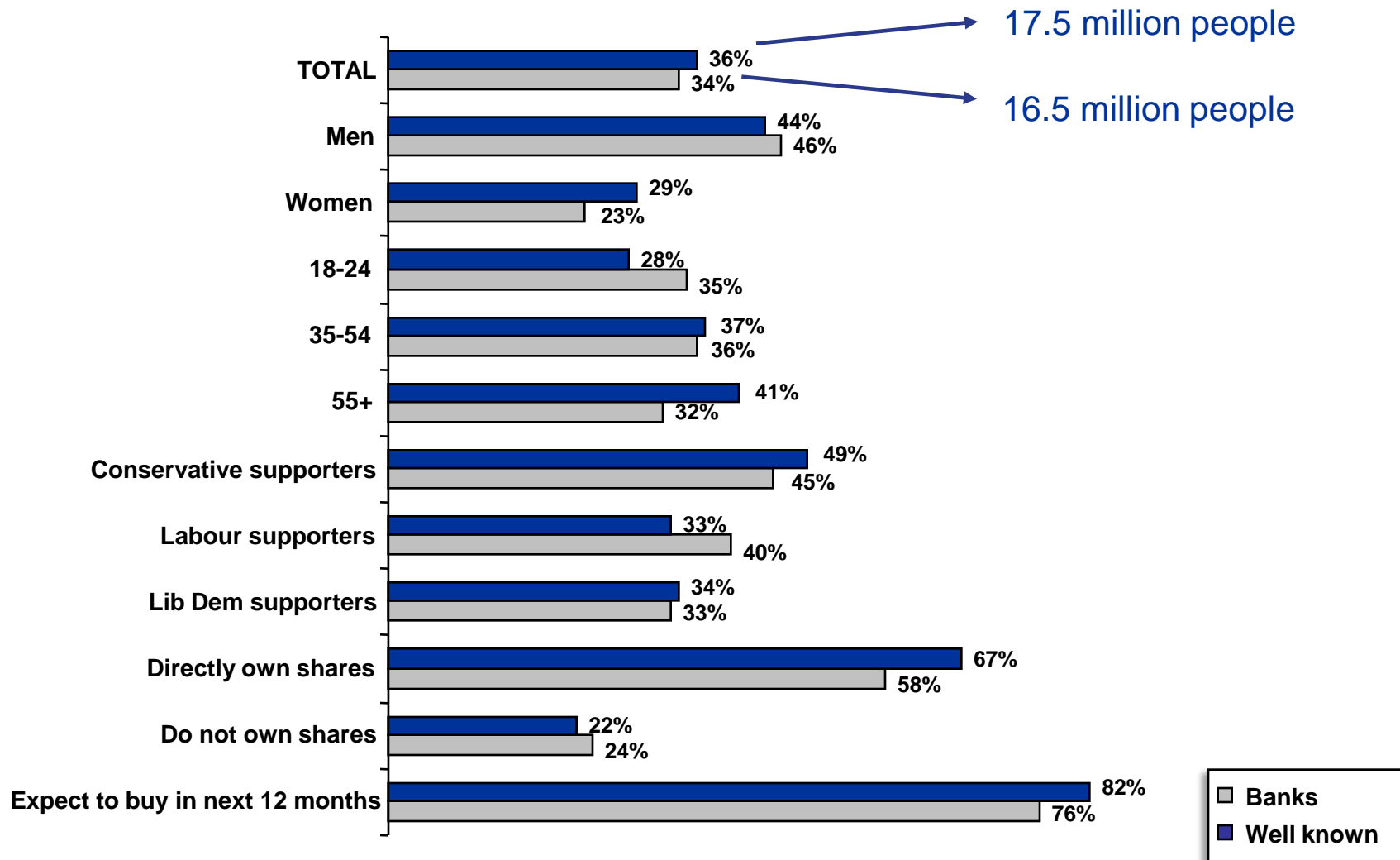


Base: Those recalling earlier privatisations only

Base: Split sample. A representative 1000 asked "well known companies"; a representative 1003 asked "banks"

M: The likely buyers

- % Very / Fairly interested



M:A footnote

- In 1984, just prior to the sale of British Telecom, there were 2 million retail shareholders in the UK
 - 27% of UK adults said at that time that they were very or fairly interested in buying BT shares.
 - Some 2.3 million applications were received and the retail investor revolution began
- Today there are 11 million UK private shareholders and more than 4 million of those are active in the market.
- Today, comparable public/retail investor interest in Government share sales is significantly higher than 25 years ago, standing at 34% of the public interested in bank shares, including 58% of the vastly expanded retail investor base

M:Market Research

- Online poll of 2003 British adults conducted by Opinium on behalf of M:Communications between 14-17 September 2009. Data weighted to naturally representative criteria
- Uses the questionnaire structure/questions used to successfully build retail interest and demand models for UK and international mass-marketed share issues
- A tried and tested formula that gives accurate and relevant results

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